REMARKS/ARGUMENTS

Claim Rejections 35 USC §112

Per the Examiner's suggestion, applicant has amended claim 1 to remove the word "indicating" in the phrase "indicating without communication with the third party bank" addressing an error in claim 1.

Claim Rejections 35 USC §103

As noted by the Examiner, Barnes discloses a merchant computer 16 , for example as shown in Fig. 3, including a supplier catalog server 42 and a customer computer 12 independent of the merchant computer. These elements generally correspond to the first two elements of claim 1 of the present invention, the "merchant computer" and the "customer computer".

The Examiner also appears to identify the bank server 18 to the "processor computer", the third element recited in claim 1, suggesting that Barnes teaches the recited limitations of the processor computer contained in claim 1. Applicant respectfully disagrees.

As expressly required by claim 1 of the present application, the processor computer per claim 1 must perform four specific tasks:

1) The processor computer, per claim 1, must receive a customer identifier in response to a selection of payment by check option performed on the merchant computer. While the Barnes patent indicates at col. 8, lines 47-57 that "after a shipment has been made to the user, the user can select how to pay the invoice, e.g., by creditor purchase card, check, legacy system, or ACH", there is no suggestion or teaching in Barnes that selection of the check option causes the generation of a customer identification information to go to the processor computer. The clear reading of this in the context of the entire Barnes patent is that when the check option is selected, the merchant computer is notified and the customer mails the merchant a check in due course. Applicant can find no other reference to "check" in this application nor is any mechanism described that would enable on-line check submission.

2) The processor computer, as recited in claim 1, must have a data structure matching the customer identifier to a statistical element indicating a probability of payment being honored. The Examiner finds this limitation in the security layers of Barnes that

provide security for payment information but these security layers clearly do not provide an indication of the probability of a payment obligation by the customer being honored. The authenticity of the customer, as ensured by the security layers, could be unassailable, yet the customer could have no funds for payment of a check when that check is presented to the bank. This is an inherent problem with checks that does not occur in typical credit transactions. The security information provides no indication of the probability of the customer having appropriate funds when the check is presented. While the Applicant believes the current claim language clearly distinguishes from Barnes in this respect, the Applicant is open to amendments in the claim language which would clearly distinguish the current statistical elements from these security features clearly not intended to be covered by the present invention.

3) The processor computer, as required by claim 1, must transmit to the merchant computer an authorization indicating whether a check payment should be accepted. Applicant can find no support in Barnes for a transmission to the merchant computer indicating whether a check should be accepted or not. In Barnes, a check is simply accepted without any choice by the merchant. This is possible because Barnes assumes a long-term pre-existing relationship between the merchant and the customer as is described below.

4) The processor computer must generate a printed check including the customer's name, third party bank name, check amount including check routing information. Applicant can find no support in Barnes for any of these features or the printing of the check.

These are not minor distinctions but are fundamental to the fact that the system proposed by Barnes is simply a method of smoothing transactions between regular customers and merchants who know each other and have an ongoing business relationship including contractual credit agreements. As noted at col. 6, lines 14-17, the Barnes system is intended to meet the purchasing requirements of a large number of employees/users at a buyer, purchaser, or customer organization 12 who have recurrent needs to order goods and/or services.

The problems faced by Barnes are different from the problems faced by an individual merchant accepting a check over the Internet from a party with whom they have no regular business transactions. This merchant needs a statistical understanding of their risks of accepting a check.

Applicant understands the rejection of claim 1 was not solely with respect to Barnes but also the combination of Barnes and Elgamal. However, the Applicant respectfully traverses the Examiner's suggestion that all Barnes lacks is an explicit illustration of ordering online. Barnes lacks this plus the four elements described above.

Elgamal describes a micro payment system for the Internet. As noted by the Examiner, this system employs a merchant computer and a customer computer and a payment gateway (PG computer). In the system, however, before any transaction, the customers give money to the PG computer to establish an account. See generally, col. 11, lines 38-51.

As noted by the Examiner, at col. 11, line 64 to col. 12, line 10, when the customer wishes to make a purchase, the merchant contacts the PG computer which checks to see if the money has already been deposited with the PG computer, that is, if the customer has a sufficient balance, If there are sufficient funds and only after this is verified, does the PG computer authorize the purchase.

Again, the PG computer of Elgamal like the bank server of Barnes fails to teach the above described 5 limitations of the processor computer required in claim 1.

First the PG computer does not receive customer information in response to a selection of payment by check option as required in claim 1 because the PG computer only allows micro charge payments and does not process checks.

Second, there are no statistical elements indicating the probability of payment obligation by the customer being honored because actual account balances are checked by the PG computer rendering it a certainty whether funds are present. No statistics are required.

Third, the PG computer does not instruct the merchant as to whether a check should be accepted from the consumer because funds flow to the merchant from the entity of the PG computer.

Fourth, no printed checks are created.

In addition, the communication from the PG computer (as the processor computer of claim 1) cannot be said to provide information to the merchant computer "without communication with the third party bank" as required in claim 1 because the PG computer in this case is the third party bank.

Thus Barnes and Elgamal, even taken together, fail to teach at least five elements clearly recited in claim 1 of the present invention. For this reason, it is believed that claim 1 and all claims dependent on claim 1 should be allowable over these references.

As noted in the previous response dated November 6, 2003, Applicant has submitted an affidavit of commercial success and believes that the facts underlying the affidavit will support such a finding and encourages the Examiner to contact the undersigned to discuss amendments to the affidavit of commercial success filed February 8, 2002 possibly to include recent commercial success figures discussed in the interview with the Examiner prior to the filing of this RCE, to make the affidavit formally satisfactory. Applicant is also open to discussions of changes in the wording of these claims that would serve to bring the claims into allowance

Please do not hesitate to contact the undersigned if you have any questions or if I can be of further assistance.

Respectfully submitted,

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